WRITTEN ANSWERS TO QUESTIONS

Dishonouring of Letters of credit by Central Bank of India

*205. DR. YELAMANCHILI SIVAJI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Central Bank of India is refusing to honour Rs. 51.69 lakhs worth of .letters of credit opened by it in favour of Indian Bank on account of cotton bales supplied by Maha rashtra Cotton Growers' Coopera- tive Marketing Federation to some ' cotton mills; and

(b) if so, what are the details thereof and what action is being taken by Government in the matter ?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) and (b) Central Bank of India has reported that they had opened Letters of Credit at the request of New Swadeshi Mills, Ahmedabad in favour of The Maharasfra State Cooperative Cotton Growers' Marketing Federation Ltd., Bombay for purchase of cotton by the above mill for their textile units. The bank found discrepancies in the documents presented to them as the same were not in accordance with the terms contained in the Letters of Credit. The Maharashtra State Cooperative Cotton Growers' Marketing Federation Ltd. has filed a suit against the bank for recovery of their dues. The aforesaid mills have already been wound up under orders of Gujarat High Court and are under the charge of Official Liquidator.

General Exemption under FERAfor NIRS in declaring Assests heldabroad

206. SHRI SURESH KALMADI: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal uneder Government's consideration to grant general exemption under FERA to NRIs from declaration of assests held by them abroad, retention of repatriable investment and FCNR deposits; and

(b) if so, what are the details thereof?

THE MINISTER OF FINANCE (PROF. MADHU DANDA VATE): (a) to (b) A proposal en visaging, *inter-alia*, grant of exemp tion under various provisions of FERA, 1973 for declaration of foreign currency assets held by the NRI if they choose to come to India for a temporary period for setting up industrial/business en terprises or taking up specialised short term assignments, has been received. The matter is under examination.

Effect of Bansagar Dam in villages etc. of Madhya Pradesh

*207. SHRIMATI RATAN KUMARI: Will the Minister of WATER RESOURCES be pleased *to* state:

(a) how many villages and how much land in Madhya Pradesh are likely to be adversely affected due to the completion of Bansagar Dam;

(b) what arrangements have been made for payment of compensation for land and property and for the resettlement of the oustees; and

(c) whether required funds being made available by the Central Government and from the State Governments of Uttar Pra- desh and ' Bihar to the Madhya Pradesh Government and J, what are the details in this i

THE MINISTER OF STATE OF THE MINISTRY OF WATER

RESOURCES (SHRI MANU-BHAI KOTADIA); (a) 258 villages and 51789 hectares of land.

(b) Commissioner, Land Acquisition and Rehabilitation, Bansa-gar Project, Rewa has been entrusted with this work upto June, 1990, land acquisition has been done in 77 out of 258 villages whereas rehabilitation and resettlement grant has been paid in 45 out of 108 villages.

(c) In the meeting of the Bansa-gar Control Board held on 11-8-1990 Uttar Pradesh and Bihar have agreed to provide adequate funds for the project.

Smuggling across Coastal Linefrom Paradeep to Dhamara byBangladeshi infiltrators

*208. SHRI BASUDEB MOHAPATRA : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that narcotics worth crores of rupees are being smuggled across the coastal line starting from Paradeep to Dhamara by Bangladeshi infiltrators settled along the coastal belt of Orissa ; and

(b) if so, what steps have been taken by Government to curb the menace ?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE):
(a) No such information has come to Government's notice.

(b) Does not arise.

Proposal to increase the limit of Foreign Equity Control

@*209. SHRI ATAL BIHARI VAJPAYEE : SHRI ASHWANI KUMAR :

Will the Minister of FINANCE be pleased to state :

©Previously Starred Question 89, transferred from 13-8-90.

(a) whether there is any proposal under Govt.'s consideration to increase the automatic approval limit for foreign equity control from 40' per cent to 51 per cent ;

(b) if so, what are the names of the industries to which the proposed new limit would apply and whether these measures would not impede self-reliance ;

(c) the year in which the limit was brought down and fixed at 40 per cent and the reasons for doing so ;

(d) what are the changed circumstances necessitating raising of the limit again from 40 per cent to 51 per cent ;

(e) whether Indian industrialists have opposed the introduction of this measure; if so, what are the details thereof; and

(f) whether the new-policy will be discussed in Parliament before a final decision in the matter is taken by Government ?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) to (e) There is no proposal under Government's consideration at present to increase the automatic approval limit for foreign equity control from 40% to 51%. The foreign investment policy of the Government is guided by our national interest. Such investment will continue to be allowed within the framework of national priorities especially for purpose of modernization, meeting critical gaps in technology and production and for boosting exports. There is no fixed ceiling as such of 40% on foreign equity participation, although as a matter of policy, equity participation is generally kept to 40%. Higher foreign shareholding is permitted in areas of high technology or export oriented industries.